

7/28/77 [2]

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
letter w/att.	From President Carter to Sen. Inouye (5 pp.) Intelligence Oversight Board/ enclosed in Hutcheson to Frank Moore 7/28/77 <i>Opened 1/7/93</i>	7/27/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres.
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THE WHITE HOUSE
WASHINGTON
July 28, 1977

Frank Moore

The attached was returned
in the President's outbox.
It is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Bob Lipshutz
Zbig Brzezinski
Joe Dennin

RE: LETTER TO SENATOR INOUE
ON INTELLIGENCE OVERSIGHT
BOARD

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

cc Joe Danni

ACTION	FYI
/	
/	
/	
/	

MONDALE
COSTANZA
EIZENSTAT
JORDAN
LIPSHUTZ
MOORE *orig to deliver*
POWELL
WATSON
LANCE
SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

7/28/77

Dr. Brzezinski--

President Carter asked that
you see this before he signs
it this afternoon....for
possible comment.

--Susan Clough

THE WHITE HOUSE

WASHINGTON

July 27, 1977

To Chairman Inouye

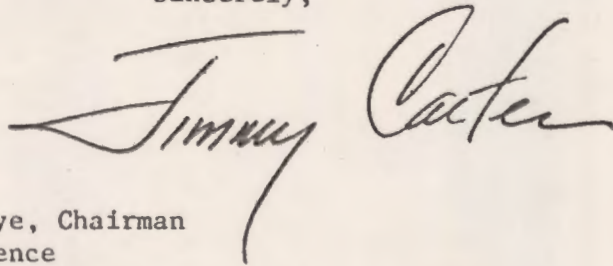
The Chairman of the Intelligence Oversight Board has reported to me on the very useful meetings which the Board had with you, Senator Goldwater, and the members of your staff following my meeting with the Board on June 8.

I want you to know that I consider abuses in the activities of any of our intelligence agencies to be of such import that I intend to deal with such matters personally. To assist me, I will rely on the Board, which as you know reports directly to me any matter which it believes raises a serious question of legality or propriety. When reports of abuses are made to me, I will have them investigated, and when corrective action is warranted, will report to your Committee the nature of the abuse and corrective action taken.

This decision was made after careful consideration of the dialogue between Admiral Turner, Mr. Knoche, and the Senate Select Committee concerning the same subject. I share with you a deep commitment toward institutionalizing effective oversight of foreign intelligence activities. I also recognize the need to keep the Committee as informed as possible. However, for the Executive branch mechanism to operate effectively, the information it receives must obviously be treated on a privileged basis.

I believe that the steps I have outlined will serve to eliminate most quickly and effectively any abuses which may in the future occur in any of our intelligence agencies and simultaneously serve to give the Senate in a timely fashion full and accurate information on what has occurred.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with the first name "Jimmy" and last name "Carter" clearly distinguishable.

The Honorable Daniel K. Inouye, Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 27, 1977

To Chairman Inouye:

The Chairman of the Intelligence Oversight Board has reported to me on the very useful meetings which the Board had with you, Senator Goldwater, and the members of your staff following my meeting with the Board on June 8.

I want you to know that I consider abuses in the activities of any of our intelligence agencies to be of such import that I intend to deal with such matters personally. To assist me, I will rely on the Board, which as you know reports directly to me any matter which it believes raises a serious question of legality or propriety. When reports of abuses are made to me, I will have them investigated, and when corrective action is warranted, will report to your Committee the nature of the abuse and corrective action taken. ~~In exceptionally sensitive cases, I simply will inform you that a matter has been raised with me by the Board and that no further report on it will be made to you. When no corrective action is warranted, no report will be sent.~~

This decision was made ~~only~~ after careful consideration of the dialogue between Admiral Turner, Mr. Knoche, and the Senate Select Committee concerning the same subject. I share with you a deep commitment toward institutionalizing effective oversight of foreign intelligence activities. I also recognize the need to keep the Committee as informed as possible. However, for the Executive branch mechanism to operate effectively, the information it receives must be treated on a privileged basis.

I believe that the steps I have outlined will serve to eliminate most quickly and effectively any abuses which may in the future occur in any of our intelligence agencies and simultaneously serve to give the Senate in a timely fashion full and accurate information on what has occurred.

Sincerely,

Honorable Daniel K. Inouye, Chairman
Select Committee on Intelligence
United States Senate
Washington, D. C. 20510

THE WHITE HOUSE

WASHINGTON

July 27, 1977

~~SECRET-DOCUMENT ATTACHED~~

MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz

SUBJECT: Intelligence Oversight Board -- Letter to Senator Inouye

Pursuant to our discussion yesterday afternoon, I am attaching a revised draft of this proposed letter.

Also, I am attaching the memorandum from Dr. Brzezinski to you dated June 22 relating to the background of this situation, along with your personal direction concerning the sending of such a letter from you to Senator Inouye.

Also, you will recall that I recommended that this letter, when approved and signed by you, be delivered personally to Senator Inouye by someone designated by you. Please advise.

~~SECRET-DOCUMENT ATTACHED~~

THE WHITE HOUSE
WASHINGTON

3875

To 36/9
J~~SECRET~~~~SECRET~~

June 22, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI 12.

SUBJECT: Information for Senate Select Committee
on Intelligence

This memorandum is in response to your request for my comments on CIA's latest proposal for responding to demands of the Senate Select Committee on Intelligence (SSCI) to be provided on a timely basis with the same information the agency's General Counsel and Inspector General provide to the IOB and Attorney General. (Tab A)

The new proposal alleviates some narrow institutional legal issues raised by the Justice Department but does not resolve the fundamental problem posed for you. The SSCI clearly should be informed on a timely basis of CIA activities found to be illegal or otherwise improper. But the proposed procedure goes beyond this principle to include reporting to the SSCI every conceivable possibility, whether or not the IOB believes it to be of valid concern. This in effect would mean that the SSCI would be in a position to second-guess the IOB judgments on what warrants reporting to you and your judgment on the few items the Board deems worthy of your attention. On clearcut legal issues this is no problem, but on most questions of "propriety," which except for the extreme situations are always subjective and highly case specific judgments, there is almost always some scope for differing views. This is especially the case for the SSCI whose membership runs almost the entire political spectrum of opinion in Congress.

Tom Farmer has given me his "very, very strong" view that you should not agree to provide the Senate Select Committee with the same information CIA's General Counsel and Inspector General provide to the IOB. He says that the other members of the Board, particularly Governor Scranton, believe that this could well undermine the entire IOB concept. Their view is that the principle of a discreet single channel to the President only must be preserved if the Agency and individuals are to be expected to report any and all questionable activities.

DECLASSIFIED

E.O. 12356, Sec. 3.4

PER 7/9/92 NLC HZ RE MR-MLC-91-80
BY [Signature] NARS, DATE 11/7/93~~SECRET~~~~SECRET~~

~~SECRET~~

SECRET

2

Men of stature and hard-earned reputations will also not wish to serve on the IOB (and he here specifically cited Scranton) if their judgments are to be freely second-guessed by Congress. Finally, Farmer believes that your own freedom of decision would be considerably reduced especially on the propriety issues which will always essentially be subjective and highly case specific.

Outright refusal to meet the SSCI demand would run a high risk of confrontation with a committee whose support the Administration will need on a wide range of other important issues in the months ahead. This is especially the case since both Stan Turner and Hank Knoche during their confirmation hearings committed to provide this information.

It might be acceptable to the SSCI, however, to include this topic on the broader agenda for discussion with SSCI in connection with the foreign intelligence reform program. Oversight mechanisms and restrictions on covert activities are likely to be a part of the legislative charters for the Intelligence Community, and the information provision issues is a generic part of this discussion.

RECOMMENDATION

That Stan Turner inform Senator Inouye that the Administration would prefer to discuss the information provision issue within the context of our forthcoming consultation on legislative charters for the Intelligence Community.

APPROVE _____

DISAPPROVE _____

Zb. I agree with Tom Farmer. It may be better to draft a fresh letter from me to Inouye informing him - "what we will do". J.C.

SECRET

~~SECRET~~

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 28, 1977

C/

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

FM.

Senator Byrd has given a very soft and complimentary statement (see attached). I think you made the right decision today and will pay good dividends in the future on foreign and domestic issues to be considered before the Senate.

I suggest that you call Senator Byrd this afternoon and thank him for his statement and tell him you hope you can change his mind and get approval of the sale in September.

I think Secretary Vance and I have covered all the other bases in the Senate and the House.

**Electrostatic Copy Made
for Preservation Purposes**

Robert E. Byrd

President Carter has taken a reasonable and statesmanlike action in withdrawing, temporarily, the notice of the proposed sale of the Airborne Warning and Command System (AWACS) to Iran.

I want to commend him on this action and express my appreciation to him *on behalf of the Senate* for his cooperation with the Congress in delaying consideration of this proposal.

In my letter to the President of July 22, I outlined the difficult parliamentary situation facing the Senate prior to the statutory August recess. The extensive consideration being given in the Senate to the public financing of Congressional elections, which is part of the President's election reform package, would have made it particularly difficult for the AWACS sale to be thoroughly considered by the Senate. And this is a matter which deserves serious consideration.

The President's action will enable us to further examine the issues that have been raised in connection with the proposed sale.

THE WHITE HOUSE
WASHINGTON

July 28, 1977

Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson

The attached was returned
in the President's outbox and
is forwarded to you for your
information.

Rick Hutcheson

RE: ZENITH CASE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
	/	LIPSHUTZ
	/	MOORE
		POWELL
	/	WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

Ev Munsey at Treasury

Good
J

We just won the Zenith case...

Custom Court found that rebate of ~~maintaining~~ indirect
taxes do not a constitute a subsidy against which we are supposed
to countervail. Customs court upheld government's
position that rebate of taxes undermined competition by
allowing Japanese TVs to enter with a subsidy. (Steel
industry poised to use this argument.) This maintains the
status quo -- the position the U.S. government has always
taken.

This means we are avoiding a potential major trade disruption.

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for Preservation Purposes

unlogged - 22

THE WHITE HOUSE
WASHINGTON

July 28, 1977

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Zbig Brzezinski

RE: CONGRESSIONAL APPROPRIATION OF
R&D FUNDS FOR PROJECT
SEAFARER

CONFIDENTIAL ATTACHMENT

RECEIVED BY THE PRESIDENT'S MANNERS
 10-22-79 12:50
 10-22-79 12:50
 10-22-79 12:50

THE WHITE HOUSE
 WASHINGTON

Confidential

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
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		JORDAN
		LIPSHUTZ
	<input checked="" type="checkbox"/>	MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI - ong
	BUTLER
	CARP
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	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

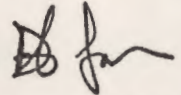
July 27, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI



SUBJECT:

Congressional Appropriation of R&D
Funds for Project SEAFARER

Several months ago in letters to the Chairmen of both the Senate and House Appropriations Committees, Secretary Brown requested continued funding (about \$24M) for development of a ELF communications capability, a capability that the Secretary considered as essential to our national security.

Since then, although the Senate approved \$20.1M for this purpose, the House deleted all funding. As a result, the issue went to the Appropriations Conference Committee which held a pre-Conference Committee meeting yesterday and voted unanimously against any new money for SEAFARER.

As part of his campaign to get the committee to restore the \$20.1M request, Charles Duncan has asked Frank Moore to go see Congressman Elford Cederberg (R-Michigan) and say that the President wants this project funded.

As you know, alternative ELF systems are being studied by the Department of Defense and a preliminary report on at least one promising idea was sent to you by Secretary Brown. In this report, Secretary Brown said that he would be sending you further information after the National Academy of Science had completed a detailed review of the alternatives.

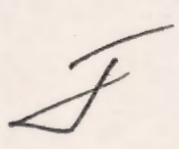
At this point, I would guess that we probably will want some sort of an improved ELF communications system and thus it is probably advisable for you to take the position that you favor continued research and development. There may be some adverse publicity associated with your taking such a position but it should be easily muted, at least for the present, because we can point out that none of the \$20.1M in funds will be used for any sort of deployment activities in Michigan.

Frank Moore seeks guidance (Tab B) on how to deal with this issue with Congressman Cederberg. I would recommend that we ask Frank to tell Congressman Cederberg that you want these funds restored. Toward that end, I have provided proposed guidelines for Frank at Tab A.

This approach is entirely consistent with your statement on June 24 that we need to find better ways to communicate with our submarines, although the SEAFARER deployment in northern Michigan would be "ill advised." (It is attached to Secretary Duncan's memo to you at Tab C.)

Alternatively, Defense would like you to send a letter along the lines of the draft at Tab D. I believe Frank Moore could handle this.

Your Decision

- ☒ Have Frank Moore tell Congressman Cederberg.
 - ☐ Prefer the letter at Tab D.
 - ☐ Do nothing; let it slide.
 - ☐ Other
- 

THE WHITE HOUSE

WASHINGTON

July 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE *F.M.*

Charles Duncan wants me to go see Congressman Elford Cederberg (R-Mich) and say that the President wants this \$20 million for seafarer.

If you approve I will do so. Cederberg is very adamant. That particular committee had a pre-conference meeting today and the vote on the B-1 recision was 9 against recision and 1 for, and the Committee was unanimously against any other than R & D money for seafarer.

I am, of course, working with the Defense Department people on this and it looks like our best chance is to get the Secretary to stand firm on both matters.

THE PRESIDENT HAS SEEN.

2:00 p.m.

THE WHITE HOUSE

WASHINGTON

July 27, 1977

Meeting with Secretary Califano

Thursday, July 28, 1977

2:00 P.M.

The Cabinet Room

From: Stu Eizenstat

Stu

I. PURPOSE

Secretary Califano has requested this meeting to discuss with you the welfare reform proposal he has submitted.

II. BACKGROUND AND PARTICIPANTS

- A. Background: HEW and Labor have completed their planning for welfare reform. Secretary Califano has provided you with a lengthy memorandum and background papers explaining the plan. In his memo, the Secretary indicates that he would like you to make a number of decisions about additional costs. Additional memoranda has been provided by persons in the Executive Office.

The Administration is currently committed to sending its proposals to Congress next week. Your decision will be needed on whether to maintain that timetable. You will also need to decide a number of requests for additional funds contained in the Secretary's memorandum.

- B. Participants: Secretaries Califano, Marshall Blumenthal, and Harris; Charles Schultze, Stu Eizenstat, Jim Parham, Sue Woolsey and Tom Joe. The principals will also have several members of their staffs present.

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III. ISSUES

The reform of the welfare system is probably the most vexing legislative subject the Administration is likely to face for some time. HEW and Labor have made a valiant effort to respond to your request for a structural reform of welfare at no higher initial cost. The proposal leaves you with a number of issues which you will need to resolve.

1. Structure of the Program -- The HEW-Labor proposal involves the creation of a large jobs program at the minimum wage, consolidation of AFDC, SSI and Food Stamps, and an expansion of the Earned Income Tax Credit. This conforms to the decision in the statement of principles that you would seek comprehensive reform. You may want to discuss the politics of this choice versus a more limited approach.
2. Impact on Current Recipients -- The proposal causes many current recipients to receive less assistance than they do under present programs. Some of this is inevitable in any reform which attempts to rationalize the inequitable ways in which current benefits are allocated. This worseoffness will be a major issue with many groups who will characterize it as taking benefits from the poor to provide fiscal relief to the states.
3. Fiscal Relief -- The states and local governments see fiscal relief as the primary reason for welfare reform. There is a campaign promise to provide some fiscal relief, particularly to local governments, on a phased basis. The proposed plan provides significant potential fiscal relief; however, some of this relief may be required to reduce the amount of recipients worseoffness. You may want to consider a provision to require states to utilize at least part of their fiscal relief to hold recipients harmless against losses.

- b. Wage Supplements -- The proposal permits higher wages for workers in states which supplement the income support tier. It also allows 25 percent wage premiums to permit some modest promotion within the PSE jobs. If the federal government pays 50% of the cost of the wage supplements it would cost \$160 million; paying 100% would cost \$320 million. It would cost an additional \$300 million for the federal government to pay the wage premiums. If these costs are not paid by the federal government they would fall upon the states.
- c. Filing Unit Changes -- the proposal significantly restricts the current definition of households for purposes of filing for benefits. The unit definition has already expanded for SSI recipients. A similar expansion for cases where children are residing with non-legally responsible relatives would cost \$160-\$200 million. A further expansion to a family based filing unit would cost \$600 million to \$1 billion. These expansions would reduce worseoffness and increase real state fiscal relief.
- d. Grandfathering Current SSI Recipients -- This item would attempt to hold current SSI recipients harmless against the worseoffness caused by the new plan. It would not apply to new applicants. It would cost \$100-\$300 million and increase fiscal relief.
- e. Emergency Needs -- The states believe the emergency assistance program in the proposal (\$600 million) is insufficient. Increasing the allocation to \$1 billion would cost an additional \$400 million. This also increases fiscal relief.
- f. Child Care Expenses -- The proposal actually reduces current incentives for mothers to take a job, in part by not permitting the deduction of child care expenses. Allowing a deduction of some of these expenses for all families would cost \$500-\$800 million. Limiting the deduction to single parent families would cost somewhat less.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 28, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH

FRANK MOORE *F.M.*

FROM

BOB THOMSON *BT*

SUBJECT

McKINNEY CONFIRMATION

Bob McKinney was confirmed 12 to 3 by the Senate Banking Committee on Wednesday. Senators Brooke, Sarbanes and Proxmire voted against. Key swing votes in favor included Senators Riegle, Stevenson, Heinz, Williams and McIntyre.

This was an extraordinary confirmation fight that we could have lost. Senator Proxmire kept Bob on the stand for six hours of rigorous questioning during the hearings, and augmented that with at least four lengthy letters that required detailed responses. Moreover, Senators Riegle and Stevenson sponsored a two-hour confrontation between Bob and Ralph Nader at which the latter was less than gracious at times. Passions ran high during the entire process. Nevertheless, Bob McKinney conducted himself with a dignity and brilliance that justified many times over the confidence you have placed in him.

You should know that Mike Cardozo of the Counsel's office, Orin Kramer of the Domestic Council and Landon Butler provided valuable assistance.

As you know, the third seat on the Board must now be filled. Senator Sparkman supports the reappointment of Grady Perry. The liberals on the Committee, including many of our supporters in this fight, want a more consumer-oriented nominee. If a Perry reappointment is subject to confirmation--and that is not clear at this time--we could expect a tough fight.

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

July 28, 1977

Frank Moore

The attached was returned in the President's outbox. The signed original is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Stu Eizenstat
Jack Watson
Bob Linder

RE: LETTER TO SENATE COMMERCE
COMMITTEE - AIRLINE REFORM

X

THE PRESIDENT HAS SEEN.

*ok i me
J*

THE WHITE HOUSE
WASHINGTON

July 27, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
CHARLIE SCHULTZ

*Stu
CLS*

SUBJECT:

Letter to the Members of the Senate
Commerce Committee - Airline Reform

We urge you to send the attached letter about airline reform to the members of the Senate Commerce Committee. The Committee has reached the most critical stage of the markup--the pricing flexibility and route competition provisions.

There has been tremendous lobbying pressure to weaken or eliminate altogether some of these essential portions of Senator Cannon's bill. Since the bill was substantially weakened after the hearings, any further weakening would severely damage the bill and make meaningful reform impossible.

The letter describes the provisions which we believe are essential to a sound bill, and urges the Committee to adopt them.

The letter has been approved by Secretary Adams.
and by Frank Moore's office.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

July 28, 1977

To Senator Howard Cannon

Reducing regulation of the airline industry is the first major opportunity to meet our shared goal of eliminating outdated and excessive government regulation. Sound regulatory reform is a top priority of my Administration. I commend you for the progress you and your colleagues have made in working toward that goal.

I urge you to speed the pace of your deliberations so that a bill can be acted upon by the Senate this year. You have already made significant decisions on many parts of the bill. But the most important decisions still lie ahead. I would like to elaborate upon the principles I set forth in my Message to Congress on March 4, 1977, and share with you my views on pricing and entry.

1. Automatic Route Entry. Pricing flexibility must be accompanied by strong entry provisions. It is entry, or the realistic threat of it, that prevents price flexibility from being abused. Automatic route entry is especially important in keeping prices low, and I consider it to be one of the most important elements of a reform bill. The current provision in the bill allows carriers to enter a very limited number of new markets each year without having to undergo the costly process of obtaining Board approval. The record developed by your Committee clearly supports even greater automatic entry than is provided by the current draft.

2. Presumption in Favor of Entry. Retention of the provision in the bill that would reverse the burden of proof in entry proceedings is essential. The presumption should be that competition is consistent with the public interest. Anyone who is against new competition

should have to show that it would be harmful to the public -- not the other way around. Indeed, I would prefer a provision reversing the burden of proof immediately upon enactment of the bill, rather than delaying its effectiveness of this provision for three years, as in the current draft.

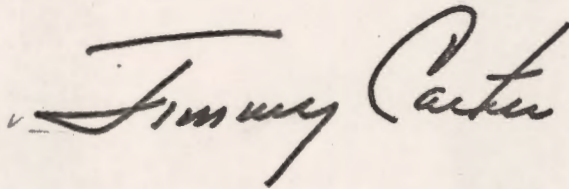
3. Unused Route Authority. If a carrier has authority to serve a market but has chosen not to use it, a new carrier who would like to serve the public in that market should be given the opportunity to do so. There is simply no justification for preventing new carriers from serving markets which other carriers are not using. The draft bill makes entry against a carrier holding unused authority more difficult than entry into markets where no such unexercised grants of authority are outstanding. I recommend that this provision of the current bill be strengthened.

4. Pricing Flexibility. One of the major aims of reform is to allow carriers to lower their prices wherever possible. The current regulatory scheme permits lower fares only by means of heavily regulated and highly restricted price discounts. I urge you to support the provisions in the bill which take meaningful steps to remove the artificial regulatory barriers to lower prices.

I believe that entry provisions and upward pricing flexibility are intimately related. To the extent that the automatic entry and dormant authority provisions are strengthened, and the burden of proof is reversed at an earlier date, some limited upward pricing flexibility may be warranted. But if these changes are not made, then I would support a move to limit carriers to price increases only where they are justified by rising costs. Alternatively, you might wish to consider explicitly tying entry to pricing; that is, providing for some easing of the bill's entry limitations in those instances where prices have been significantly increased.

There are many aspects of this complex reform legislation, but the value which the ordinary citizen ultimately gains from our efforts mainly depends on the Congress' resolution of these four basic issues.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Howard W. Cannon
United States Senate
Washington, D.C. 20510

To Members of the Senate Commerce Committee:

Reducing regulation of the airline industry is the first major opportunity to meet our shared goal of eliminating outdated and excessive government regulation. Sound regulatory reform is a top priority of my Administration. I commend you for the progress you and your colleagues have made in working toward that goal. I share your concern that in the process of decreasing regulations, service to small communities must be preserved, using a reasonable subsidy system as necessary.

I urge you to speed the pace of your deliberations so that a bill can be acted upon by the Senate this year. You have already made significant decisions on many parts of the bill. But the most important decisions still lie ahead. I would like to elaborate upon the principles I set forth in my Message to Congress on March 4, 1977, and share with you my views on criteria for meaningful reform legislation.

1. Automatic Route Entry.. Pricing flexibility

must be accompanied by strong entry provisions.

It is entry, or the realistic threat of it, that prevents price flexibility from being abused.

Automatic route entry is especially important in keeping prices low, and I consider it to be one of the most important elements of a reform bill.

The current provision in the bill allows carriers to enter a very limited number of new markets each year without having to undergo the costly process of obtaining Board approval. The record developed

To Members of the Senate Commerce Committee:

Reducing regulation of the airline industry is the first major opportunity to meet our shared goal of eliminating outdated and excessive government regulation. Sound regulatory reform is a top priority of my Administration. I commend you for the progress you and your colleagues have made in working toward that goal.

I urge you to speed the pace of your deliberations so that a bill can be acted upon by the Senate this year. You have already made significant decisions on many parts of the bill. But the most important decisions still lie ahead. I would like to elaborate upon the principles I set forth in my Message to Congress on March 4, 1977, and share with you my views on pricing and entry.

1. Automatic Route Entry. Pricing flexibility must be accompanied by strong entry provisions.

It is entry, or the realistic threat of it, that prevents price flexibility from being abused.

Automatic route entry is especially important in keeping prices low, and I consider it to be one of the most important elements of a reform bill.

The current provision in the bill allows carriers to enter a very limited number of new markets each year without having to undergo the costly process of obtaining Board approval. The record developed

by your Committee clearly supports even greater automatic entry than is provided by the current draft.

2. Presumption in Favor of Entry. Retention of the provision in the bill that would reverse the burden of proof in entry proceedings is essential. The presumption should be that competition is consistent with the public interest. Anyone who is against new competition should have to show that it would be harmful to the public--not the other way around. Indeed, I would prefer a provision reversing the burden of proof immediately upon enactment of the bill, rather than delaying its effectiveness of this provision for three years, as in the current draft.

3. Unused Route Authority. If a carrier has authority to serve a market but has chosen not to use it, a new carrier who would like to serve the public in that market should be given the opportunity to do so. There is simply no justification for preventing new carriers from serving markets which other carriers are not using. The draft bill makes entry against a carrier holding unused authority more difficult than entry into markets where no such

unexercised grants of authority are outstanding. I recommend that this provision of the current bill be strengthened.

4. Pricing Flexibility. One of the major aims of reform is to allow carriers to lower their prices wherever possible. The current regulatory scheme permits lower fares only by means of heavily regulated and highly restricted price discounts. I urge you to support the provisions in the bill which take meaningful steps to remove the artificial regulatory barriers to lower prices.

I believe that entry provisions and upward pricing flexibility are intimately related. To the extent that the automatic entry and dormant authority provisions are strengthened, and the burden of proof is reversed at an earlier date, some limited upward pricing flexibility may be warranted. But if these changes are not made, then I would support a move to limit carriers to price increases only where they are justified by rising costs. Alternatively, you might wish to consider explicitly tying entry to pricing; that is, providing for some easing of the bill's entry limitations in those instances where prices have been significantly increased.

There are many aspects of this complex reform legislation, but the value which the ordinary citizen ultimately gains from our efforts mainly depends on the Congress' resolution of these four basic issues.

Sincerely,

THE WHITE HOUSE
WASHINGTON

July 28, 1977

Stu Eizenstat

The attached was returned in the President's outbox and is forwarded to you for your information. The signed original has been forwarded to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

RE: REPORTS FROM ICC CHAIRMAN
O'NEAL

X

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 28, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*

The following Members of Congress and their families will attend tonight's Congressional Picnic:

Senate

Birch Bayh (Indiana)
Joe Biden (Delaware)
Harry Byrd (Virginia)
Dennis DeConcini (Arizona)
John Durkin (New Hampshire)
Thomas Eagleton (Missouri)
Wendell Ford (Kentucky)
Jake Garn (Utah)
Gary Hart (Colorado)
William Hathaway (Maine)
Jesse Helms (North Carolina)
Walter Huddleston (Kentucky)
Jacob Javits (New York)
Bennett Johnston (Louisiana)
Ted Kennedy (Massachusetts)
John Melcher (Montana)
Gaylord Nelson (Wisconsin)
Jennings Randolph (W. Virginia)
Bill Roth (Delaware)
Richard Schweiker (Penna.)
Harrison Williams (New Jersey)
Edward Zorinsky (Nebraska)

House

Bill Alexander (Arkansas)
Clifford Allen (Tennessee)
Joseph Ammerman (Pennsylvania)
John Askbrook (Ohio)
Lud Ashley (Ohio)
Berkley Bedell (Iowa)
Ed Boland (Mass.)
Goodloe Byron (Maryland)
Charles Bennett (Florida)
Lindy Boggs (Louisiana)
Clarence Brown (Ohio)
J. Herbert Burke (Florida)

Charles Carney (Ohio)
John Cavanaugh (Nebraska)
Elford Cederberg (Michigan)
Bill Chappell (Florida)
William Cohen (Maine)
Baltasar Corrada (Puerto Rico)
Lawrence Coughlin (Penna.)
Mendel Davis (South Carolina)
Butler Derrick (South Carolina)
Robert Duncan (Oregon)
Robert Edgar (Penna.)
Micky Edwards (Oklahoma)
Joshua Eilberg (Penna)
Glenn English (Oklahoma)
Allen Ertel (Penna.)
Daniel Flood (Penna.)
Harold Ford (Tenn.)
Don Fuqua (Florida)
Robert Gammage (Texas)
Sam Gibbons (Florida)
Daniel Glickman (Kansas)
Henry Gonzalez (Texas)
Charles Grassley (Iowa)
Tennyson Guyer (Ohio)
Sam B. Hall (Texas)
John Hammerschmidt (Arkansas)
Jack Hightower (Texas)
Thomas Huckaby (Louisiana)
Andrew Ireland (Florida)
John Jenrette (South Carolina)
Ed Jones (Tennessee)
James Jones (Oklahoma)
Barbara Jordan (Texas)
Richard Kelly (Florida)
Abraham Kazen (Texas)
Martha Keys (Kansas)
Peter Kostmayer (Penna.)
Delbert Latta (Ohio)
James Leach (Iowa)
William Lehman (Florida)
Marilyn Lloyd (Tenn.)
Gillis Long (Louisiana)
George Mahon (Texas)
Andy Mcguire (New Jersey)
Marc Marks (Penna.)
James Mann (South Carolina)
James Mattox (Texas)
Dale Milford (Texas)
Clarence Miller (Ohio)
Henson Moore (Louisiana)
William Moorhead (Penna.)
Ronald Mottl (Ohio)

Austin Murphy (Penna.)
John Murtha (Penna)
Mary Rose Oakar (Ohio)
Donald Pease (Ohio)
Claude Pepper (Florida)
J.J. Pickle (Texas)
W. R. Poage (Texas)
Larry Pressler (S. Dakota)
Nick J. Rahall (W. Virginia)
Ralph Regula (Ohio)
Ted Risenhoover (Oklahoma)
Ray Roberts (Texas)
Paul Rogers (Florida)
Fred Rooney (Penna.)
Jim Santini (Nevada)
Pat Schroeder (Colorado)
Keith Sebelius (Kansas)
John Seiberling (Ohio)
E. G. Shuster (Penna.)
Robert Sikes (Florida)
Ike Skelton (Missouri)
Virginia Smith (Nebraska)
Bill Stanton (Ohio)
Tom Steed (Oklahoma)
Louis Stokes (Ohio)
Olin Teague (Texas)
Ray Thornton (Arkansas)
David Treen (Louisiana)
Paul Tsongas (Mass.)
James Tucker (Arkansas)
Al Ullman (Oregon)
Charles Vanik (Ohio)
Joe Waggonner (Louisiana)
Robert Walker (Penna)
James Weaver (Oregon)
Wes Watkins (Oklahoma)
Richard White (Texas)
Charles Wilson (California)
Chalmers Wylie (Ohio)
Gus Yatron (Penna.)

Cabinet

Secretary Andrus
Secretary Kreps

THE WHITE HOUSE
WASHINGTON

July 28, 1977

Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson

The attached was returned in the President's oubox and is forwarded to you for your information. The signed original has been forwarded to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

RE: SIGNING STATEMENT FOR H.R. 186 - THE
CONVENTION ON THE INTERNATIONAL
REGULATIONS FOR PREVENTING COLLISIONS
AT SEA, 1972

226-4

X

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	MONDALE
	COSTANZA
✓	EIZENSTAT
	JORDAN
✓	LIPSHUTZ
✓	MOORE
	POWELL
✓	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
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	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

July 27, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

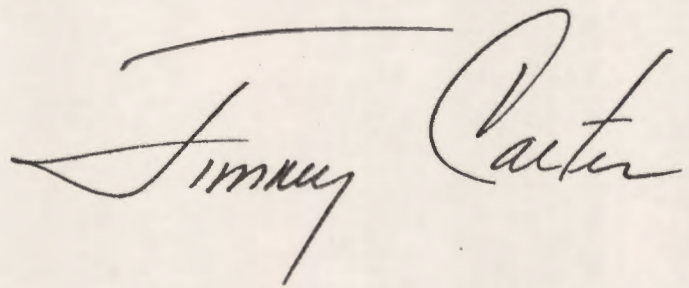
Signing Statement for H.R. 186
The Convention on the International
Regulations for Preventing Collisions at
Sea, 1972

Attached is a suggested statement for H.R. 186, indicating your serious concern about its constitutionality. In light of Judge Bell's favorable reception by the Speaker and Senator Byrd, Bob Lipshutz and I believe nothing more than a very brief statement is needed.

STATEMENT BY THE PRESIDENT

I have today signed H.R. 186, a bill to implement the Convention on the International regulations for Preventing Collisions at Sea, 1972. This Convention brings International Rules of the Nautical Road in line with modern maritime practices and technology. The Convention, which has been ratified by the Senate, became effective for its international signatories on July 15, 1977. This bill would implement the Convention fully for United States vessels.

Although I have signed this bill, I want to make clear that I have serious Constitutional reservations about section 3(d). That section permits Congress, by concurrent resolution, to disapprove a proposed amendment to the Convention. The Congress' concurrent resolution would not be presented to the President for approval or veto. This may violate Article I, Section 7 of the Constitution.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 28, 1977

C

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM*

During your press conference, I talked with both Senator Byrd and Senator Sparkman who were in the Foreign Relations Committee hearing room. They informed me that the full committee had voted by a show of hands (with one dissenting vote) to disapprove sale. Senator Byrd said he hoped this action would help shape your response to Senator Humphrey's letter. I told the Senator that you did not want a confrontation with him, with the Committee or with the full Senate but that while accepting Senator Humphrey's six conditions, you did not want to withdraw the sale at this time. Senator Byrd was very disappointed. I imagine we will get a vote on the floor tomorrow or Monday.

I am also working closely with the House International Relations Committee. Our current count is 22 yea - 15 nay. This count includes 11 of the 12 Republicans on the Committee voting with us (we cannot get Whalen). In order to hold Derwinski and the 10 other Republicans, we had to promise that Dr. Brzezinski and Secretary Vance will consult with him on China policy.

**Electrostatic Copy Made
for Preservation Purposes**

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

C

INFORMATION

29 July 1977

TO:

THE PRESIDENT

FROM:

RICK HUTCHESON *Rich*

SUBJECT:

Memos Not Submitted

- file to Central Files*
1. BLUMENTHAL MEMO informing you of an inadvertant violation of the law by some Treasury employees. A supplemental appropriation for the District of Columbia was deposited in the D.C. account before the apportionment process was completed. This error was reported to Congress and to the OMB examiner, as is required. Treasury has added new safeguards to prevent a reoccurrence of this problem. Lipshutz' office has reviewed Blumenthal's memo, and suggests that you do not need to read it. ✓
 2. KREPS MEMO informing you that DoC is implementing your directives to the Department in your Environmental Message, ✓ and reviewing specific actions. Copies have been sent to Lance, Warren, Eizenstat and Watson. *11*
 3. TED VAN DYK MEMO of general political advice. He suggests that you are being perceived as giving more attention to foreign policy initiatives than to measures which would improve the economic & domestic situation. The emphasis on foreign policy "may raise both public expectations and the international temperature on key issues in a self-defeating manner." Instead, he suggests, you should be attempting to solidify your support among your "base constituencies" (labor, farmers, blacks, Hispanics...). ✓ Today, this support is high but not very intense. He thinks you can court your key constituencies by stressing the "symbols and messages" of concern to them, and not necessarily by having to promise new federal spending programs to mayors. Hamilton has a copy of the memo.
 4. ALAN CAMPBELL MEMO requesting permission to use the presidential seal and facsimile Carter signature on annual awards given to the 10 outstanding handicapped Federal employees, as has been done in previous Administrations. The White House would incur no cost. ✓

will be sent to the President

_____ approve _____ disapprove *J*

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

INFORMATION

28 July 1977

TO: THE PRESIDENT

FROM: RICK HUTCHESON

SUBJECT: Memos Not Submitted

1. TED VAN DYK MEMO of general political advice. He says you are perceived as stressing foreign policy initiatives over "an action program toward renewed but stable economic growth" and over actions of great interest to your "base constituencies" (labor, farm, black, Hispanic leaders). "The continuing visual and verbal emphasis on foreign policy... may raise both public expectations and the international temperature on key issues in a self-defeating manner." Your standing in the polls is strong at present, but not very intense; you should be making an effort to solidify your support among base constituencies so that they will stick by you through thick and thin. Your involvement in foreign affairs should be deemphasized on the basis that its short-term gains are outweighed by its long-term risk. He argues that you can court your "key constituencies" by "stressing new symbols and messages" of concern to them, and not necessarily by having to promise new federal spending programs to mayors.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE ADMINISTRATOR

July 26, 1977

MEMO FOR: Rick Hutcheson

FROM: Ted Van Dyk

Rick, please see the attached for private review of addressees only.

*Rick — for your review
as well. No response
necessary; input to be
considered by the President.*

T.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

**ASSISTANT
ADMINISTRATOR**

July 26, 1977

PRIVATE-EYES ONLY

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Public Projection; Looking to the Long Term

I am sure that the recent Urban League tempest, the New York blackout riots, the Johnstown Flood, and various editorial comments have prompted your reassessment of the relative emphases which you are placing on foreign and domestic policy. This memo is intended to constructively address this question. All of us serving in your Administration have a high stake in your success, not only as your appointees but as citizens and participants in the political process.

The Need For a Calculated Decision Re Strategy and Priority

It seems fair to say that when the American people voted for you, they did so primarily because they felt you augured a return to both humane and efficient government.

Domestically, you faced high rates both of unemployment and inflation; Vietnam/Watergate-bred public disillusionment re government and politics; and the clear mandate to make government function more effectively and responsively. You also faced the expectation -- among labor, minorities, and New Deal liberals particularly -- that new emphasis would be given to economic and social reforms after eight years of Republican neglect in those sectors. Energy required your action.

In foreign affairs, you faced a situation of relative calm, although hard decisions lay ahead re SALT and new weapons systems, and the Middle East, international economic policy and the need for renewed Western cohesion demanded your close and continuing attention. This relative breathing space, one hoped, would give you time for necessary foreign-policy reformulations.

Going into this term of office, I think it is fair to say that most of us expected that you would make your Presidential priorities, (1) restoration of public confidence in the Presidency and democratic system; (2) an action program toward renewed but stable economic growth;

(3) reform of the institutions of government; (4) groundwork, insofar as it was possible under budgetary strictures, toward domestic policy reform; and (5) new foreign policy initiatives.

Yet, with the exception of item # 1, your daily activity -- the visual symbols you transmit to the American people -- and thus, your perceived priorities, appear to be in reverse order.

It can be argued, of course, that your continuing and highly-visible emphasis on foreign policy will capture public attention (and support) during a period when the economy, and associated budgetary discipline, offers little latitude for new domestic initiatives. But there are clear risks attached to such a course.

The continuing visual and verbal emphasis on foreign policy -- especially on such sensitive issues as U.S.-Soviet relations, SALT, and the Middle East -- may raise both public expectations and the international temperature on key issues in a self-defeating manner. The constant public emphasis on them may in some instances make them more difficult to resolve. The ensuing lack of successful result may result in public letdown and disappointment domestically.

The lessened visual and verbal emphasis on domestic policy -- except for the reorganization of government agencies -- may likewise result in transmission of a wrong set of symbols. The end result might well be a faulty conclusion among voters that you are more interested in foreign circuses than in domestic bread.

For instance, it seems to me a clear mistake was made when you did not visit the Johnstown disaster scene (your presence that period on an off-shore drilling platform was duly noted). Also, the Urban League exchange will do you more harm with black voters than was necessary because, in the months previous, you had not set the stage, through symbolic and real actions directed toward the labor/minority/liberal constituencies, for your rebuttal to Vernon Jordan's charges. Instead, you came across as reactive and defensive. (On the other hand, a visit to New York would have been all wrong; it was a no-win situation in any case).

Your Standing in the Polls: A Warning About the Need to Build a Political Base

Your poll standings are strong. But they will not necessarily remain that way.

As a still relatively unknown political quantity, you are in a position somewhat analagous to those of Presidents Truman, Johnson, Nixon and Ford when they took office. Your standing is high; but, because you have not yet built a strong political base in the country, it can plunge overnight when the first real setbacks occur (and they will). Truman was brought down by Korea, Johnson by Vietnam, Nixon by Watergate, and Ford by the Nixon pardon. They could not recover when these setbacks arrived, because there were too few Truman, Johnson, Nixon and Ford true believers in the electorate to sustain them. Roosevelt, Eisenhower and Kennedy, on the other hand, survived the Supreme Court packing; Sherman Adams and the U-2; and the Bay of Pigs because they had clearly identifiable constituencies out there who would stick with them through thick and thin.

Some will tell you that you can overleap the traditional constituencies through television -- that base constituencies are "old politics." Don't believe it. You can use television to create general impressions in a general audience; but it does not build adequate intensity of support among those people who rally around certain issues or ideas (and who do the work that wins elections).

In my judgment, you should make a concentrated effort in the months immediately ahead to build those supportive base constituencies.

It can be done several ways.

First, your public activity and priorities should match your political priorities (I mean this in the best sense. Politics is nothing more than working, and governing, for high objectives). In my judgment, this means adjusting your allocations of time, attention and emphasis to those outlined, in order, on pages one and two of this memo.

Second, it means consciously deemphasizing your involvement in foreign affairs on the basis that its short-term gains are outweighed by its long-term risks (i.e., that public expectations will not be met and that constant public activity will jeopardize some of your foreign-policy objectives).

Third, it means allocating your own time and attention, and that of your Cabinet and staff, to those issues which will build strong, rather than shallow, bases of support among key constituencies. This doesn't mean, for instance, promising new federal spending programs to mayors; it does mean bringing mayors and other urban constituencies into the process in helping you find answers (or no answers). It means White House meetings. It means Q&A sessions

on domestic issues in key metropolitan areas. It means continuing political attention and contact with Democrats, labor leaders, farm leaders, black and Hispanic leaders, women's leaders, consumerists and others who feel intensely about certain priorities and issues. It means stressing new symbols and messages in sessions with editors, broadcasters, and public groups.

Fourth, it means greater responsiveness in dealing with Democratic leaders and in placing Carter-Mondale campaign alumni in your Administration. I know you feel each department and agency head should have latitude in naming his or her principal associates. But you will not have a loyal and effective Administration -- nor will you have preserved a cadre of 1980 campaign workers -- unless and until greater White House attention is paid to (a) placing 1976 Carter-Mondale campaign workers and loyalists within the Administration and (b) conferring with Democrats in the 50 states about both personnel and policy.

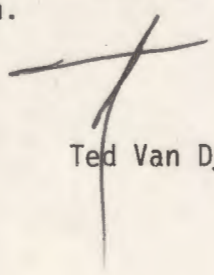
Jerry Brown's Message

It seems clear to me that, unless the present course changes, Jerry Brown's 1979 and 1980 campaign speeches will read something like this:

"In 1976, President Carter promised the American people that he would make us proud again of our government -- that he would put this country back to work -- that he would stop inflation -- that he would balance the budget -- that he would get this country moving after eight years of Republican slumber -- that he would reorganize the government to make it more responsive to ordinary people. But what do we have? We have Walter Cronkite every night showing Jimmy Carter on the White House lawn with Germans, with Frenchmen, with Japanese, with British -- or on the palace steps in Bonn, or Paris, or Tokyo, or London. Where are the results that candidate Carter promised? What about the price we pay for milk, or the father still out of work down the block? What about crime and drugs still in our streets and the millions of young people with nothing constructive to do? If I'm elected President, I make you two pledges: I'll be the President of the United States, and I'll find Mr. Carter a nice country where he can become Ambassador."

Although Jerry Brown will surely run, we shouldn't give him the chance to make that speech and, thus, to win.

cc: The Vice President
Hamilton Jordan
Jody Powell
Zbigniew Brzezinski
Stuart Eizenstat



Ted Van Dyk